# Brochure 2A

Form ADV Part 2A | March 28, 2022

This brochure provides information about the qualifications and business practices of Johnson Wealth Inc. ("Johnson Wealth"). If you have questions about the contents of this brochure, please contact us at the address or telephone number provided below.

Johnson Wealth Inc.
555 East Wells Street, Suite 1900
Milwaukee, WI 53202
414-291-4500
www.johnsonfinancialgroup.com

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about Johnson Wealth is also available on the SEC's website at www.adviserinfo.sec.gov.

Johnson Wealth Inc. is a wholly owned subsidiary of Johnson Financial Group Inc. Johnson Financial Group is the parent company and business/marketing name for its subsidiaries, Johnson Wealth Inc., Johnson Bank and Johnson Insurance Services, LLC.

Please note that registration of an investment adviser with the SEC does not imply a certain level of skill or training.

# Item 2 - Material Changes

The following is a summary of material changes made to this Form ADV Part 2A - Brochure dated March 28, 2022 since the last annual ADV amendment dated March 30, 2021.

Item 4 – Advisory Business was revised as follows:

- Conflict of interest considerations were added specific to IRA rollover recommendations, including our duty to evaluate rollovers in each client's best interest.
- Assets under management were updated to reflect that, as of December 31, 2021, Johnson Wealth advised on approximately $6.9 billion of client assets on a discretionary basis and approximately $1.9 billion of client assets on a non-discretionary basis.

Item 5 – Fees and Compensation was revised as follows:

- This section was updated to reflect new standard fee schedules for individuals, institutions, and non-managed accounts. It was also updated to discuss additional fees and expenses for client accounts managed by third-party separate account Managers as well as miscellaneous service and activity fees charged by our new custodian, Pershing LLC.

Item 10 - Other Financial Industry Activities and Affiliations was revised as follows:

- Additional information was added with respect to banking and lending relationships Johnson Wealth affiliate, Johnson Bank, has with certain companies that issue private investments, including important conflict of interest considerations when Johnson Wealth recommends these investments to clients.

Item 12 – Brokerage Practices was revised as follows:

- References to arrangements with RBC Capital Markets, LLC were removed in anticipation of Johnson Wealth converting client accounts from RBC to Pershing during the second quarter of 2022.

Item 17 - Voting Client Securities was revised as follows:

- Proxy voting practices were updated to reflect the new, standard practice of Johnson Wealth voting proxies on behalf of its clients. Delegation of proxy voting authority is included as part of each new client's investment advisory agreement. This delegation can be revoked by the client at any time upon written notification to Johnson Wealth.

# Item 3 - Table of Contents

# Item 4 - Advisory Business

Johnson Wealth Inc. ("Johnson Wealth", "we", "our", or "us") is an investment advisory firm registered with the SEC under the Investment Advisers Act of 1940 ("Advisers Act"). On October 15, 2018, our name changed from Cleary Gull Advisors Inc. to Johnson Wealth Inc. Johnson Wealth is a wholly owned subsidiary of Johnson Financial Group, a privately held financial services company and marketing name for its subsidiaries, Johnson Bank, Johnson Wealth Inc. and Johnson Insurance LLC. We provide investment advisory and consulting services to high-net-worth individuals, families, trusts, not-for-profit and senior living organizations, public and private foundations and endowments, business entities, government entities, and other investment advisers, including our affiliate Johnson Bank. Although we were formed in 2003, our predecessor firms have served clients since 1987.

**Investment Advisory Services**

We believe the investment advisory business should be approached with an underlying sense of purpose. Our advisory services are tailored to the individual needs of each client based on the client's short and long-term goals, including the client's financial objectives, income tax status, and size of the account. These factors and others help form the basis of a client's investment strategy. While solutions may have wide applicability, each client's situation is unique.

Our investment advisory services typically include, but are not limited to:

- Analysis of objectives
- Asset allocation and portfolio construction
- Investment policy development
- Investment research
- Evaluation and selection of funds and separate account managers (Managers)
- Responsible investing
- Trustee and Board education

When engaging Johnson Wealth, clients enter into a written agreement that sets the terms and conditions under which we render our services. A client may negotiate for specific advisory services designed to achieve the client's goals and investment objectives. Clients may impose restrictions on investing in certain securities or types of securities. We also work with clients' other professional advisors, including other Managers clients separately engage, to provide clients with an integrated approach.

**Discretionary and Non-Discretionary Advisory Services**

Johnson Wealth typically manages client accounts on a discretionary basis; however, non-discretionary advisory services are also available. Investment decisions are guided by the client's investment policy statement. If a client's account is managed on a discretionary basis, Johnson Wealth will generally execute all investment selections that are determined to be appropriate to implement the client's policy without further consultation with the client. Johnson Wealth provides discretionary investment advice primarily with respect to mutual funds, exchange traded funds (ETFs) (collectively, a "fund" or "funds"), common stocks, fixed income securities, and non-traditional (complementary or alternative) investment vehicles. Complements include, but are not limited to, registered mutual funds and ETFs that have alternative strategies, real estate investment trusts, master limited partnerships, commodities, natural resources, derivative instruments, and currencies.

Johnson Wealth's discretionary authority also includes the ability to retain and terminate Managers to perform subadvisory services for client accounts. Johnson Wealth generally selects Managers that are on the platform of a third-party service provider that it retains (a "Program Administrator"). Such Managers enter into a subadvisory agreement directly with the Program Administrator.

Accounts managed on a discretionary basis are generally assigned to an appropriate model portfolio; in which case, trades are typically executed in mass when a strategy change is implemented. Accounts may be excluded from the model reallocation or the timing may be delayed at the discretion of the assigned Portfolio Manager. Accounts that are not traded in mass when a strategy change is implemented may receive different execution prices (higher or lower). All Portfolio Managers are subject to the Code of Ethics and must act in the best interest of the client.

If a client's account is managed on a non-discretionary basis, the client may receive different execution prices (higher or lower) on securities bought or sold and may receive different transaction charges than if the account was managed on a discretionary basis.

Johnson Wealth has also partnered with a third-party service provider to access due diligence and the online subscription process for certain private investments, including, but not limited to, private equity, private credit and hedge funds. We offer these investments on a managed, non-discretionary basis for our high-net-worth or business-entity clients who meet certain accredited investor or qualified purchaser investor qualifications.

**Other Services**

Johnson Wealth provides pre-retirement planning services to airline pilots and their families under the firm's Pilot Program that include, among other things, risk tolerance profiling, asset allocation design, pension benefits review, retirement timing and transition consultation. As part of these services, Johnson Wealth provides discretionary account management through the participant's 401(k) self-directed brokerage account. Investments are limited to the investments available through the 401(k) plan's self-directed brokerage account option. Johnson Wealth also offers similar pre-retirement services to other individuals through their employer's 401(k) plan.

<u>Important Note</u>: If Johnson Wealth recommends that a client roll assets out of an employer sponsored plan into an IRA to be managed by Johnson Wealth, such recommendation creates a conflict of interest because we earn ongoing investment management fees on the rollover. Our policies require each Wealth Advisor who recommends a plan rollover to evaluate the recommended transaction in the client's best interest.

Johnson Wealth offers financial planning services designed to help clients evaluate the potential of attaining their financial goals. When we create a financial plan for a client, we use industry standard technology and methods to perform calculations based on information provided by the client or prospect as well as various market assumptions and scenarios. The results are hypothetical in nature and are intended to be reviewed at least annually. It is recommended that individuals consult with their legal and tax advisers regarding their financial plan.

Our affiliate, Johnson Bank, retains Johnson Wealth to perform discretionary or non-discretionary subadvisory services for nearly all of its wealth management clients, including its retirement plan services clients. These services typically include discretionary investment management, trading, broad investment trends analysis, investment policy direction, asset allocation modeling, Manager selection and fund due diligence, construction of plan fund line-ups, fixed income and equity strategy and analysis, portfolio construction advice, and model portfolios.

We also provide non-discretionary fixed income subadvisory services to other investment advisers.

**Assets Under Management**

As of December 31, 2021, Johnson Wealth advised on approximately $6.9 billion of client assets on a discretionary basis and approximately $1.9 billion of client assets on a non-discretionary basis. Discretionary and non-discretionary assets include those subadvised for our affiliate, Johnson Bank.

# Item 5 - Fees and Compensation

Johnson Wealth offers investment advisory services for a negotiable fee based upon the amount and type of assets in client accounts, the level of service provided, and the complexity and scope of the assignment. Fees may be asset, retainer, or project based and are subject to an annual minimum. Fees are generally paid quarterly in advance in accordance with the fee schedule set forth in each client's investment proposal or advisory agreement and are directly deducted from the client's account. Johnson Wealth and the client have the right to terminate the advisory agreement by written notice. If the agreement is terminated, the client will either receive a pro rata refund of unearned advisory fees or pay any advisory fees and expenses yet due. Refunds will be credited back to the account from which the advance fee was debited. In the event the account was transferred to another custodian, the refund will be forwarded to the new custodian. If the advance fee was paid by check, we will mail a check in the amount of the refund. Refunds are typically made in the quarter following termination. Clients may contact their Wealth Advisor if they believe they are entitled to, but have not received, a refund.

Our current standard advisory fee schedule applicable to individual clients is as follows:

| Assets Under Management | Advisory Fee |
|---|---|
| First $2,000,000 | 1.00% |
| Next $2,000,000 | 0.85% |
| Next $4,000,000 | 0.70% |
| On the Balance | 0.60% |
| Minimum Fee | $5,000 |

The above fee schedule is blended with breakpoints. For example, if the total market value of the account is $3,000,000, 1.00% is charged on the first $2,000,000 and 0.85% is charged on the remaining $1,000,000.

Our current standard advisory fee schedule applicable to institutional clients is as follows:

| Assets Under Management | Base Fee | Advisory Fee |
|---|---|---|
| $0 – $5,000,000 | $5,000 | 0.40% |
| $5,000,000 – $10,000,000 | | 0.50% |
| $10,000,000 – $15,000,000 | | 0.45% |
| $15,000,000 – $20,000,000 | | 0.40% |
| >$20,000,000 | | Negotiated |

The above fee schedule is **not** blended but has breakpoints. For example, if the total market value of the account is $12,000,000, 0.45% is charged on the entire amount.

For accounts held by our primary custodian, Pershing LLC ("Pershing"), and managed solely by Johnson Wealth, our advisory fee includes custody and clearing services. The advisory fee, however, does not include other service and activity fees charged by Pershing, including, but not limited to, fees and expenses for wires, account transfers and terminations, paper confirms and paper statements. A schedule of service and activity fees charged by Pershing is included with each client's new account paperwork.

Whenever we retain a third-party, separate account Manager to manage a client's account, the client pays additional fees to the Manager for investment management as well as the Program Administrator for administration of the managed account platform and custody of the assets held in each client account. These fees are in addition to the Johnson Wealth advisory fee and typically range from 0.40% to 0.75%. In addition, they are bundled and deducted directly from the client's account by the Program Administrator. The use of separate account Managers is based on the individual needs of each client; however, because the client is responsible for paying custody and clearing fees, we retain a larger portion of our advisory fee. This is an important conflict of interest to understand when we recommend a separate account Manager for a client portfolio.

Clients with assets invested in mutual funds or ETFs will indirectly pay a proportionate share of the funds' expenses, including the investment management fees to the funds' investment advisers. More information about each fund's fees and expenses is available in the fund's prospectus and can be obtained by contacting the client's Wealth Advisor.

Investments in private investment vehicles, such as hedge funds and other collective investment funds, involve additional fees directly or indirectly paid at the fund level. Clients subscribing to private investments through the third-party described in Item 4 will pay an additional platform fee to the third-party provider.

Standalone financial planning services are also available to clients who do not engage Johnson Wealth to manage assets. Fees for financial planning services are negotiated with respect to the scope of engagement and defined in the engagement agreement executed by each client.

We also provide administrative and non-discretionary services such as account reporting, portfolio accounting, performance calculation and trade order entry for accounts that we do not manage. Non-managed accounts are typically charged a 0.20% fee based on the value of the assets held in the account.

Johnson Wealth may modify its fee schedules, calculation methodologies, and billing practices from time to time. Accounts for clients in our Pilot Program or acquired through mergers or acquisitions are contracted with different rates and calculation methodology. Therefore, some clients will pay fees that are higher or lower than the standard fee schedules shown above.

Clients are responsible for all other fees and charges imposed by third parties, including transaction charges, brokerage commissions, dealer spreads and transfer fees and taxes. Please see Item 12 for a discussion of brokerage practices.

Our fees for certain projects are billed and payable at project completion, unless otherwise agreed. We may request, in advance and with approval of the client, reimbursement of travel expenses and/or special costs incurred at the request of the client.

We also manage accounts on behalf of employees. Services are provided to employees at discounted rates.

**Other Fees**

Johnson Wealth utilizes a third-party service provider to provide class action litigation monitoring and securities claim filing administration involving securities held or previously held in existing client accounts. The service provider currently charges a contingency fee of 20% of the amount of each claim settlement award, which is deducted from the client's award at the time of payment. There are no minimum fees or other fees deducted from a client's account related to this service.

**Account Valuation Practices**

Johnson Wealth generally relies on a third-party provider of portfolio rebalancing, reporting, and fee processing to value client portfolios. The prices used by the third-party to value client portfolios and calculate investment performance and client fees, where applicable, are sourced from the underlying custodians of our client accounts. In instances where the third-party is unable to determine a price for a security or if Johnson Wealth determines a price received is not reflective of fair market value, Johnson Wealth will determine a fair value for that security according to the methodology outlined in Johnson Wealth's Valuations of Securities Policy.

There are inherent conflicts of interest when Johnson Wealth values the securities held in client accounts, as higher security prices increase market values, thereby enhancing performance results and increasing fees. In addition, because clients pay different fees based on differing fee schedules or the size of the account, Johnson Wealth has an incentive to favor those accounts where it earns the highest fees. Johnson Wealth maintains investment, trade allocation and account valuation (including fair valuation) policies and procedures to address such conflicts of interest.

# Item 6 - Performance-Based Fees

Johnson Wealth does not manage any accounts for a fee based on performance.

# Item 7 - Types of Clients

Johnson Wealth provides financial planning, investment advisory, and consulting services to high-net-worth individuals, families, trusts, not-for-profit organizations, hospitals, senior living organizations, public and private foundations and endowments, business entities, and government entities.

As described in Item 4, Johnson Wealth provides discretionary and non-discretionary subadvisory services to our affiliate, Johnson Bank, as well as other investment advisers.

We also provide pre-retirement planning services to airline pilots and other individuals within their 401k plans that may include, among other things, risk tolerance profiling, asset allocation design, pension benefits review, retirement timing and transition consultation.

Johnson Wealth manages accounts on behalf of employees. Although not common practice, we may manage accounts on behalf of Johnson Wealth or an affiliate which are considered “proprietary accounts”. Employee and proprietary accounts are managed and traded alongside other client accounts, which creates an incentive for Johnson Wealth to put the interests of our employees or proprietary accounts ahead of other clients. Our Code of Ethics requires employees to put clients' interests ahead of their own, or the firm's, as well as to report personal trades and holdings. Our Trading Policies and Procedures include controls designed to avoid preferential treatment of employee and proprietary accounts. See also Item 12 – Brokerage Practices - Aggregation and Allocation of Trades.

**Conditions for Managing Accounts**

Clients are responsible for notifying us of any changes in their financial situation, investment objectives, or account restrictions. We recommend clients have $1,000,000 in investable assets to allow for diversification of Managers and assets but generally do not require a minimum amount to be invested. We generally require a minimum of $200,000 per separately managed account; however, individual Managers may impose a higher minimum. We also impose minimum fees for our investment advisory and consulting services.

# Item 8 - Methods of Analysis, Investment Strategies, and Risk of Loss

**Methods of Analysis**

Our methods of analysis for funds and Managers include the following:

- Screening of Managers and funds using both qualitative and quantitative factors. The quantitative review consists of a proprietary, multivariate scoring methodology designed to screen out sub-par managers. The scoring methodology incorporates such factors as total return, information ratio, management tenure, tracking error, and expense ratio, among others. Qualitative reviews evaluate investment strategies based on what Johnson Wealth's internal Investment Research Team refers to as the 4 Ps: Firm/Product, People, Philosophy/Process, and Performance.

- Because Johnson Wealth believes turnover is expensive, we also consider transaction volumes during our analysis.

- Johnson Wealth selects funds and Managers that we believe have demonstrated adherence to a clearly defined investment strategy and process. Johnson Wealth also considers Managers' and funds' fees, account size requirements, and client servicing capabilities. Thus, we will not necessarily recommend a Manager or fund based solely on the best historical performance or the lowest possible fees.

Our methods of analysis relating to individual stocks include, but are not limited to, an analysis of a company's income, profitability, valuation, and risk. Fixed income methods include, but are not limited to, liquidity, issue selection including credit quality, yield curve positioning, duration, and technical analysis. Technical analysis includes a study of relationships among security variables such as price levels, trading volume, price movement and supply and demand. Fundamental credit analysis may be used for individual credits or structures and will generally include an assessment of the issuer's business and strategy, balance sheet, income statement, and cash flow analysis. Johnson Wealth may also use charting, technical analysis and cyclical analysis in development of investment strategies.

Research sources used by Johnson Wealth related to Managers, funds, stocks, and fixed income securities include, but are not limited to:

- Research services and products of third-party providers, including statistical data, due diligence, and access to a database of Managers, mutual funds, ETFs, fixed income securities, and other investment vehicles
- Financial newspapers and magazines
- Manager interviews, conference calls or on-site visits
- Rating services
- Annual reports, prospectuses, and other filings with the SEC and MSRB
- Company press releases
- Portfolio modeling tools

Our Investment Research Team also oversees the due diligence processes for the alternative investments, including private equity, private credit and hedge funds, made available to clients through the third-party provider described in Item 4.

**Investment Strategies**

We focus on the purpose of the client's assets in developing investment strategies and primarily use an investment approach that is long-term in focus and centered on asset allocation.

**Risk of Loss**

Investing in securities involves risk of loss which clients should be prepared to bear. Past performance is not a guarantee of future results; therefore, clients should not assume that future performance of any specific investment, investment strategy or objective will be profitable. Clients could lose some or all of their investment. Risks to which client accounts may be subject include, but are not limited to, the following:

- **Management Risk.** With respect to discretionary accounts, Johnson Wealth and Managers are delegated the authority to buy and sell securities on behalf of clients who must rely upon their abilities, judgment, and investment abilities. There is no guarantee that the investment techniques and strategies of Johnson Wealth or a Manager will be successful.

- **Allocation Risk.** The performance of client accounts will depend in part on our decisions as to strategic asset allocation and tactical adjustments made to the asset allocation. At times or for extended periods, asset classes or the investment markets in general may not perform as we expected.

- **Equity Security Risk.** Common stocks and other equity securities generally increase or decrease in value based on the earnings of the issuer and on general industry and market conditions. The value of a company's share price may decline for many reasons including, but not limited to, poor decisions made by management, lower demand for the company's services or products, or if the company's revenues fall short of expectations. There are also risks associated with the stock market, which may experience periods of turbulence and instability.

- **Fixed Income Security Risk.** The market value of fixed income securities is affected significantly by changes in interest rates – generally, when interest rates rise, the market value of fixed income securities declines and when interest rates decline, their market value rises. Generally, fixed income securities with longer maturities entail greater interest rate risk but have a higher yield. Conversely, fixed income securities with shorter maturities generally entail less interest rate risk but have a lower yield. The value of a fixed income security may also be affected by changes in its credit quality rating or the issuer's financial condition, which may result in credit or default risk.

- **Mutual Fund and ETF Risk.** Mutual funds and ETFs are subject to investment advisory, transactional, operating, and other expenses. Each fund is subject to specific risks, depending on its investments and underlying strategy. The value of a fund's investments and the net asset value of the fund's shares will fluctuate for many reasons including, but not limited to, responses to changes in market and economic conditions, as well as the financial condition and/or performance of the securities held within the fund. The performance of each fund will also depend on whether the fund's investment adviser is successful in pursuing the fund's investment strategy. ETFs may trade at a discount or premium to net asset value and are subject to trading and commission costs.

- **Complementary (Alternative) Investments Risk.** Complementary investments present different and potentially magnified risks compared to other more conventional asset classes. These risks include more speculative strategies that may increase volatility and the risk of investment loss. Additional risks include illiquidity, lack of pricing or transparent valuation information, complex tax structures and delays in distributing important tax information. Complementary investments often have more complex and higher fee structures than traditional investments. Higher fees reduce investor returns.

- **Foreign Investment Risk.** Investments in companies and markets other than the U.S. carry a number of economic, financial and political considerations that are not associated with the U.S. markets and that could unfavorably affect performance. Among those risks are greater price volatility, weak supervision and regulation of securities exchanges, brokers and issuers, higher brokerage costs, fluctuations in foreign currency exchange rates and related conversion costs, adverse tax consequences, and settlement delays.

- **Liquidity Risk.** Liquidity risk is the risk that securities may be difficult or impossible to sell at the desired time and price. The liquidity of a particular security depends in part on the continued functioning of the market for the security, for example the willingness of broker-dealers to make a market in the security, and the demand for the security in the market. Liquidity risk may be heightened for certain securities, such as fixed income securities, particularly those that are purchased in small lots, and non-traditional (complementary or alternative) investments, such as hedge funds, private equity, and other private investments.

# Item 9 - Disciplinary Information

Johnson Wealth has no disciplinary events to disclose.

# Item 10 - Other Financial Industry Activities and Affiliations

**Affiliations and Dual Roles**

Johnson Wealth is a wholly owned subsidiary of Johnson Financial Group, a multi-generational, family-owned business. As discussed in Item 4, Johnson Financial Group also owns Johnson Bank and Johnson Insurance. Johnson Bank provides financial services including wealth management, mortgage, leasing, and consumer and commercial banking. Johnson Insurance is an independent insurance agency providing personal and commercial insurance to its clients. Johnson Wealth, Johnson Bank and Johnson Insurance refer clients to each other in order to offer a full range of financial services to clients. Certain officers and employees of Johnson Wealth or its affiliates, receive referral fees and/or compensation for referring clients between the affiliated entities. As such, Johnson Wealth has entered into a Solicitation Agreement with Johnson Bank whereby Johnson Bank receives a solicitation fee for referring new clients to Johnson Wealth. We understand these solicitor and referral fee arrangements create a conflict of interest; however, we believe the services our affiliates provide are appropriate and we disclose these affiliations to our clients. Also see Item 14 – Client Referrals and Other Compensation.

Johnson Bank has banking and lending relationships with certain companies that are issuers of private investments. In limited circumstances, Johnson Wealth provides advice and recommendations to clients with respect to these investments. This creates a conflict of interest because our affiliate, Johnson Bank, benefits from the financial success of these companies, mainly through the companies' ability to grow bank deposits and fulfill loan obligations. In addition, employees of Johnson Wealth participate personally in these investments. This has the potential to conflict with our duty to put client interests ahead of our own. As noted above, we believe the services our affiliates provide are appropriate and we disclose these affiliations to our clients.

As previously mentioned, Johnson Wealth provides discretionary and non-discretionary subadvisory services for clients of Johnson Bank. The services include discretionary investment management, trading, Manager and fund selection and due diligence, fixed income and equity strategy, portfolio analysis and construction, and model portfolios. Johnson Wealth also performs discretionary and non-discretionary subadvisory services for other investment advisers. These arrangements create a potential conflict of interest with regard to providing preferential treatment to one group of clients over another; however, Johnson

Wealth maintains policies and procedures relating to investment decisions and trade allocations to ensure that clients are treated fairly and equitably.

Johnson Wealth and Johnson Financial Group, and/or its affiliates, share office space, computer systems and personnel. Access to Johnson Wealth's records and systems is limited to those individuals who require access to provide services to our clients or to operate our business. Certain other employees of Johnson Wealth's affiliates have access to limited client information in order to offer a full range of services to our clients. All individuals who have access to relevant information regarding investment recommendations and/or client transactions are subject to Johnson Wealth's Code of Ethics.

Certain officers and employees of Johnson Bank also have similar roles with Johnson Wealth including senior management, portfolio managers, client advisors, wealth advisors, and client service individuals. A conflict of interest exists in performing these dual roles. Johnson Wealth maintains policies, procedures and controls to manage such conflicts and does not believe it results in unfair treatment of its clients.

Johnson Wealth has a fiduciary duty to act in the best interest of our clients, as defined in the Code of Ethics which is further discussed in Item 11.

Certain management functions are performed by Johnson Bank on behalf of Johnson Wealth. These include, but are not limited to, information systems, legal/governance, human resources, marketing, compliance, risk and audit services, facilities, finance and senior management. Johnson Bank allocates expenses related to these services to Johnson Wealth.

**Administrative and Non-Discretionary Services**

Johnson Wealth also provides administrative and non-discretionary services such as account reporting, portfolio accounting, performance calculation and trade order entry for accounts that it does not manage. Johnson Wealth does not have investment discretion over these accounts and does not believe these services create a conflict of interest for its existing clients.

# Item 11 - Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading

**Code of Ethics**

Johnson Wealth has adopted a Code of Ethics to assist employees in carrying out its duties as a fiduciary to its clients. The Code of Ethics is based upon the principle that Johnson Wealth and its employees owe a fiduciary duty to clients to conduct their affairs, including their personal securities transactions, in such a manner as to avoid: (i) serving their own personal interests ahead of clients, (ii) taking inappropriate advantage of their position with the firm, and (iii) any actual or potential conflicts of interest or any abuse of their position of trust and responsibility. Johnson Wealth has made efforts to disclose and minimize potential conflicts of interest and has policies, procedures and controls in place to monitor areas where potential conflicts exist. The Code of Ethics is designed to maintain Johnson Wealth's high ethical standards. The purpose of the Code of Ethics is to preclude activities which may lead to or give the appearance of conflicts of interest, insider trading and other forms of prohibited or unethical business conduct and to provide guidelines to employees related to charitable and/or political contributions, giving and accepting gifts/entertainment, serving as a director or trustee for an external organization, and engaging in outside business activities. Existing or prospective clients may contact Johnson Wealth for a full copy of the Code of Ethics.

**Participation or Interest in Client Transactions**

As discussed in Items 4 and 10, Johnson Wealth acts as a subadvisor to Johnson Bank as well as other investment advisers. This creates a potential conflict of interest with regard to providing preferential treatment to one group of clients over another; however, Johnson Wealth maintains policies and procedures relating to investment decisions and trade execution and allocation to ensure that clients are treated fairly and equitably.

Employees and officers of Johnson Wealth, dual employees of Johnson Wealth and Johnson Bank, and certain employees of Johnson Bank who have access to investment product research and investment strategy recommendations (Access Persons) may buy or sell investments that are also recommended to clients. This may present a conflict of interest because Johnson Wealth, its affiliates, or related persons may have an economic incentive in making recommendations to clients. Johnson Wealth maintains a Code of Ethics, to which all Access Persons are subject, and trade allocation policies and procedures to ensure that clients are treated fairly and equitably. Also see Personal Trading below.

**Personal Trading**

Certain officers, directors and employees of Johnson Wealth, or its affiliates, or proprietary accounts of Johnson Wealth or an affiliate, may also be clients, in which case they are invested in the same strategies as other clients, and trade alongside other client accounts. Trading alongside other client accounts may create an incentive for the firm to put Company, affiliate, officer, director and employee interests ahead of other clients' interests. Johnson Wealth has adopted a Code of Ethics which includes trading rules for personal/related accounts of its employees and maintains policies regarding aggregation and allocation of trades. These rules, among other restrictions, require clients' interests to be placed ahead of employees, officers and directors and prohibit trading ahead of or in competition with client orders. Employees who 1) have access to strategy decisions, 2) are not clients, and 3) trade their own accounts are subject to personal trading black-out periods for reportable securities surrounding a strategy change. Employees are also required to pre-clear certain trades and to report personal trades and personal holdings on a regular basis. Johnson Wealth's compliance department reviews personal trades to help ensure that client interests are placed first. Also see Item 7 – Types of Clients and Item 12 – Brokerage Practices-Aggregation and Allocation of Trades.

# Item 12 - Brokerage Practices

**Broker/Dealer Selection**

If so authorized by the client, Johnson Wealth executes the purchase and/or sale of securities through brokers or dealers it selects. Johnson Wealth uses its best efforts to have transactions executed at prices that are advantageous to clients and at commission rates that are reasonable in relation to the benefits received. If an account is held in custody at a broker-dealer, Johnson Wealth will generally execute mutual fund, ETF, and equity trades through that broker-dealer, if consistent with its best execution obligations. This is typically the case for individual-type accounts and certain institutional relationships. Mutual fund trades for accounts held at a custodian other than a broker-dealer, which is the case for most institutional accounts, are submitted to the custodian who is responsible for executing the trade either through a broker of its choice or directly through the fund company. Johnson Wealth also utilizes third-party brokerage firms to execute some equity, primarily ETF, trades for accounts held at a custodian other than a broker-dealer. Trades for fixed income securities are typically executed through third-party broker-dealers. Purchased bonds are delivered to the custodian either directly to the client account or to a block account for allocation to client accounts.

Johnson Wealth endeavors to obtain “best execution”, as defined by securities regulations, in transactions of securities for client accounts. In evaluating which broker or dealer will provide best execution, Johnson Wealth considers the full range and quality of a broker’s or dealer’s services, including among other things, the value of research provided as well as execution capability, financial responsibility and responsiveness.

In instances where a Program Administrator trades a separately managed account, the Program Administrator is responsible for obtaining best execution. In other cases, where the Manager trades an account on the Program Administrator’s platform or where there is a direct contract between the client and a Manager, the Manager decides upon broker-dealers and commissions paid on trades they direct. Johnson Wealth periodically reviews the trading practices of the Program Administrator and Managers. Please refer to Item 4 – Advisory Business - Discretionary and Non-Discretionary Advisory Services, for additional information.

Certain broker-dealers who provide best execution may also furnish research and brokerage services to Johnson Wealth or a Manager. Commission payments in exchange for research and brokerage services are commonly referred to as “soft dollars.” Johnson Wealth may also receive research materials on an informal basis from other brokers. Managers may also use soft dollars. In accordance with the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended, clients may pay higher than the lowest commission rates available in return for such services. As such, we will only engage in such a transaction when we determine the commission paid is reasonable in relation to the value of the research services provided by the broker-dealer. Research and brokerage services received will not be used solely for the accounts that generated the brokerage commission but will generally be used in managing all of our client accounts. Soft dollar arrangements provide a benefit to Johnson Wealth because we do not have to produce or pay for research or brokerage services received from brokers with whom we transact or other research providers. Soft dollar arrangements also create an incentive for Johnson Wealth to select a broker-dealer based on the research or other products received rather than the clients’ best interest in receiving best execution. Please refer to other paragraphs in this Item 12 for further discussion on broker selection and brokerage options. Johnson Wealth maintains committees to provide oversight of our business practices including trading, soft dollar arrangements and broker commissions, to provide reasonable assurance these conflicts are mitigated.

Johnson Wealth also provides subadvisory investment management services for Johnson Bank client accounts on a discretionary and non-discretionary basis. Johnson Bank typically acts as the qualified custodian for these accounts with SEI

Private Trust Company ("SEI") acting as subcustodian. Johnson Bank has entered into a soft dollar arrangement with SEI Investments Distribution Co. ("SIDCO") whereby SIDCO pays a portion of each commission charged on equity and ETF trades for client accounts to third parties providing research services to Johnson Bank and Johnson Wealth.

**Brokerage Options**

Johnson Wealth has entered into agreements with certain broker-dealers (Select Broker(s)), including Pershing, for the provision of brokerage services for our client accounts. These services include, but are not limited to, trade execution, statements and confirmations, collection of investment adviser fees and maintenance of books and records. Johnson Wealth may also benefit from operating efficiencies such as daily electronic trade files, electronic fee payments and website access to account information. Assets held in accounts opened through a Select Broker are held in custody by that broker-dealer. For certain accounts, such as accounts managed within a 401k plan, the broker/custodian may be mandated. There is a conflict of interest in recommending Select Brokers as Johnson Wealth benefits from operating efficiencies, economies of scale, and other services provided by the brokers. This is especially true when our Johnson Wealth investment advisory fee includes custody and clearing services and the custody expense decreases as the amount of client assets held by the Select Broker increases.

**Directed Brokerage**

Clients may direct Johnson Wealth to effect transactions through particular brokers or dealers. In such cases, Johnson Wealth may be unable to achieve the most favorable execution of client transactions. Directed brokerage clients may receive commission rates that are different from what might be attained through other brokers and may not receive volume discounts on bunched/aggregated orders, which could result in a less advantageous price and/or greater trading costs.

**Aggregation and Allocation of Trades**

Johnson Wealth aggregates trades of clients, primarily in an attempt to gain favorable pricing and execution. Johnson Wealth will not aggregate transactions unless it believes that the aggregation is consistent with its duty to seek best execution and is in each client's best interest. A separate aggregated trade order is most often placed with each custodian who will execute the transaction. Each client that participates in an aggregated order participates at an average execution price for the trades executed by that custodian. Clients participating in an aggregated order generally pay the same commission rate for the trades executed by that custodian, which could be a flat fee per trade or total commission prorated across all accounts participating in the trade. Execution prices, commissions and transaction fees vary depending on the custodian. Managed employee or proprietary accounts trade alongside other client accounts and may be included in aggregated orders provided they are not treated differently than other clients participating in the order.

If an aggregated order is filled in its entirety, it will be allocated in accordance with written instructions prepared by Johnson Wealth in advance of placing the order, which will specify the participating client accounts and how it intends to allocate the order among those clients. If an order is partially filled, it will be allocated on an equitable basis as determined by Johnson Wealth and as may be necessitated by multiple custodians. When Johnson Wealth allocates a partially filled order, allocations will typically be made on a "pro-rata" basis where possible. In instances where a pro-rata allocation is not possible or results in unreasonable trade costs and/or operational inefficiencies, a random selection or "lottery" basis will be used. A lottery selection could result in a managed employee or proprietary account receiving an allocation when other client accounts do not. At times it may not be possible to purchase or sell a sufficient quantity of a security at a particular time to allocate among all clients that have comparable investment objectives and positions due to market conditions, trading volume, minimum trade or position size, and/or other factors. In such a case, it may be desirable to allocate trades to a particular client or group of clients in order to accumulate or dispose of a position and otherwise respond to market conditions. Officers, directors and employees of Johnson Wealth or proprietary accounts participating in an aggregated order will not receive allocations in the case of a partially filled order, if the method of allocation deviates from the normal pro-rata or lottery allocation procedures.

Johnson Wealth has committees to provide oversight of our business practices including trade aggregation and allocation, to provide reasonable assurance that clients are treated fairly and potential or actual conflicts are mitigated.

**Cross Transactions**

Johnson Wealth does not enter into cross transactions between ERISA or other client accounts.

**Trade Errors**

During the course of client transactions, trade errors may inadvertently occur. Johnson Wealth takes steps to correct any such error as soon as practicable. If a trade error resulting in a loss occurs in a client account as a fault of Johnson Wealth, Johnson Wealth will make the client account "whole," meaning that in correcting the error, the client's account will be restored to the position the account should have been in had the trade error not occurred. Johnson Wealth tracks and reconciles all trade errors and the resulting gains or losses. Gains and losses are netted and held in an error account at the custodian processing the trades. In the event a net gain is paid to Johnson Wealth by one of its custodians or brokers, it is netted against trade losses and handled in accordance with Johnson Wealth's trade error policy. Program Administrators and Managers of separate accounts maintain their own policies with regard to trade errors. If a trade error occurs in a client's account due to the action or failure to act by a third party, Johnson Wealth generally assists to ensure the client's account is made whole by such party and may seek, or assist in seeking, reimbursement or contribution from such party.

# Item 13 - Review of Accounts

Advisory client portfolios are reviewed regularly by the assigned Portfolio Manager, senior management, and/or the trading team. The current portfolio asset allocation is compared to the target allocation, which is based on the client's objectives. Financial planning reviews are offered annually, as applicable, and are also performed at the client's request or as a need is determined.

Account reviews may be triggered by the client's investment policy, market conditions, and/or changes in client circumstances and risk tolerance. All clients are encouraged to discuss their needs, goals and objectives with their Company representative and to keep Johnson Wealth informed of any changes.

Clients generally receive account statements including holdings and transaction listings from the custodian. For accounts held at Pershing, statements are available online via our secured account access or through the custodian's online access.

For continuous relationships, clients generally receive a regular client review that may include relevant account and/or market-related information such as account holdings, investment performance, statistical review, account analysis, and future strategy. Clients under a consulting relationship generally receive a written and/or oral presentation on a periodic basis as agreed to with the client or at the completion of the project.

# Item 14 - Client Referrals and Other Compensation

Johnson Wealth pays compensation to solicitors, including Johnson Bank, for new business in accordance with Rule 206(4)-1 under the Advisers Act.

Certain employees of Johnson Wealth or its affiliates, including Johnson Bank and Johnson Insurance, receive compensation for attracting new or additional advisory business to Johnson Wealth. Johnson Financial Group also pays employees for referring clients to other business lines of Johnson Financial Group such as insurance, banking and brokerage account services. Employees who are licensed to sell insurance products also receive commission for referring business to Johnson Insurance. We understand this creates a conflict of interest; however, we believe the services our affiliates provide are appropriate and we disclose these affiliations to our clients. Johnson Wealth also has a fiduciary duty to act in the best interest of our clients, as defined in the Code of Ethics which is further discussed in Item 11.

Please see Item 10 – Other Financial Industry Activities and Affiliations for further information on indirect compensation, solicitor and referral fee arrangements with affiliates.

Johnson Wealth may refer clients to Select Brokers. See also Item 12 – Brokerage Practices – Brokerage Options.

# Item 15 - Custody

Client accounts are held at a qualified custodian. The custodian maintains possession of all funds and securities in the account. Assets held in accounts opened through a Select Broker are held in custody by that broker-dealer. For certain accounts, such as accounts managed within a 401k plan, the broker/custodian may be mandated. See also Item 12 – Brokerage Practices – Brokerage Options.

Johnson Wealth is considered to have custody of client assets for purposes of the Advisers Act for the following reasons: 1) our ability to withdraw fees from client accounts 2) Johnson Wealth manages client accounts on a discretionary basis under a subadvisory agreement with its affiliate, Johnson Bank, who acts as the qualified custodian of those assets, and 3) our ability to direct client requests for the transfer of funds from certain custodial accounts. This creates a potential conflict of interest because it is possible for Johnson Wealth to instruct certain custodians to make a payment to a third party from a client account which has not been authorized by the client. Johnson Wealth has adopted a Code of Ethics, which requires employees to act solely in the best interest of the client. Additionally, policies and procedures, and dual controls for the safeguarding of clients' assets are maintained to avoid unauthorized distributions. Johnson Wealth is also required to engage an independent public accountant to annually conduct a surprise examination of the client assets over which it has custody and obtain a written internal control report from its affiliated qualified custodian, Johnson Bank. In addition to receiving periodic reporting from Johnson Wealth, clients will receive account statements from the custodian that maintains their assets. Clients should carefully review the account statements they receive from the custodian. Johnson Wealth strongly urges clients to compare the account information they receive from Johnson Wealth to the account statements they receive from the custodian. Comparing information will allow clients to confirm that account transactions, including deductions to pay advisory fees, are proper.

# Item 16 - Investment Discretion

Johnson Wealth manages client advisory accounts on either a discretionary or a non-discretionary basis. Each client enters into an advisory agreement with Johnson Wealth whereby the client authorizes Johnson Wealth to manage the client's investment account on a discretionary or non-discretionary basis. The advisory agreement with respect to discretionary advisory services includes a trading authorization giving Johnson Wealth and each Manager authority to exercise discretion over the account.

# Item 17 - Voting Client Securities

Unless otherwise agreed to in writing, Johnson Wealth receives written authority to vote proxies on behalf of its clients as part of its advisory agreement. The Company follows two basic standards in its proxy voting policy: (i) decisions are based on the best interests of clients; and (ii) decisions are based on the potential economic impact of a specific issue for a company or fund and its shareholders. Clients may obtain a copy of Johnson Wealth's proxy voting policies and procedures, or a copy of the specific voting record for the account, upon request to Johnson Wealth.

Managers generally assume the responsibility for voting proxies solicited by, or with respect to, securities held in client accounts that are managed by Managers, unless the client expressly indicates in writing their preference to retain this responsibility.

# Item 18 - Financial Information

Johnson Wealth has no material financial condition that would reasonably impair its ability to meet contractual commitments to clients.